

Message Text

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20

ACTION NEA-16

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 PM-07

DRC-01 /166 W

----- 129932

R 160620Z JUL 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2697

UNCLAS NEW DELHI 9434

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: FINMIN CHAVAN SAYS FOREIGN BANKS NOT TO BE
NATIONALIZED THOUGH DEPOSITS MAY BE LIMITED.

FOLLOWING SENT ACTION NEW DELHI INFO CALCUTTA
MADRAS JULY 15TH FROM BOMBAY RPTD TO YOU.

QUOTE:

BOMBAY 1590

E.O. 11652: N/A

TAGS: EFIN,

SUBJ: FINMIN CHAVAN SAYS FOREIGN BANKS NOT TO BE
NATIONALIZED THOUGH DEPOSITS MAY BE LIMITED

1. SPEAKING TO WEST ZONE CONFERENCE ALL-INDIA YOUTH
CONGRESS IN POONA JULY 14 FINMIN CHAVAN REPORTEDLY
STATED THAT FOREIGN BANKS IN INDIA WILL NOT BE NATIONALIZED
SINCE THEY ARE "NECESSARY FOR INTERNATIONAL FINANCIAL
DEALS BY THE NATION TO FACILITATE ITS CREDIT NEEDS".
ADDITIONALLY, HE IS QUOTED AS SAYING, INDIA FROM TIME TO
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TIME REQUESTS BANKING FACILITIES IN OTHER COUNTRIES ON A

BASIS OF "GIVE AND TAKE". ACCORDING TO TIMES OF INDIA REPORT, CHAVAN INDICATED THAT GOI "MIGHT THINK ABOUT" THE PROPOSAL THAT FOREIGN BANKS NOT BE ALLOWED TO ACCEPT DEPOSITS IN INDIA. (ACCORDING TO RBI BULLETIN AGGREGATE DEPOSIT, DEMAND AND TIME, HELD BY 13 FOREIGN BANKS IN IFY 1973-74 WAS RS 78.1 MILLION COMPARED TO RS 1028 MILLION BY 88 INDIAN BANKS. TIME DEPOSITS OF FOREIGN BANKS IN THE LAST FOUR MONTHS (JAN-APRIL 1974) HAVE REMAINED, BY AND LARGE, CONSTANT AT RS 52 MILLION WITH SLIGHT FLUCTUAIONS.

2. CHAVAN DEFENDED GOI ANTI-INFLATION ORDINANCES OFH LAST WEEK SAYING QUESTION "TAD TO BE TACKLED SOMETIME OR OTHER". HE CONTINUED THAT ADDITIONAL MEASURES RELATING TO TRADERS, BIG FARMERS AND SHARE HOLDERS ARE ALSO NECESSARY. THE MINISTER CONDEMNED BALCKMARKETEERING, SMUGGLING AND BLACK MONEY AND SAID THAT NOTICES HAD BEEN SERVED ON "OVER 6,000 " INVOLVED IN SUSPICIOUS FINANCIAL TRANSACTIONS OVER RECENT MONTHS.
BANE

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KREISBERG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, BANKS, BANK DEPOSITS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE09434
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740190-0034
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740745/aaaabmoq.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 02 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 OCT 2002 by ThomasVJ>; APPROVED <16 JAN 2003 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINMIN CHAVAN SAYS FOREIGN BANKS NOT TO BE NATIONALIZED THOUGH DEPOSITS MAY BE LIMITED.
TAGS: EFIN, IN, (CHAVAN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005